



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

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NEWS RELEASE

FOR RELEASE

March 23, 2016

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Poweshiek County, Iowa.

The County had local tax revenue of \$33,455,417 for the year ended June 30, 2015, which included \$2,040,473 in tax credits from the state. The County forwarded \$26,199,148 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$7,256,269 of the local tax revenue to finance County operations, a 0.8% increase over the prior year. Other revenues included charges for service of \$1,408,310, operating grants, contributions and restricted interest of \$4,462,323, capital grants, contributions and restricted interest of \$276,630, tax increment financing of \$126,695, local option sales tax of \$928,085, unrestricted investment earnings of \$60,930, gain on disposition of capital assets of \$219,761 and other general revenues of \$107,180.

Expenses for County operations for the year ended June 30, 2015 totaled \$12,953,532, a 5.0% increase over the prior year. Expenses included \$5,645,854 for roads and transportation, \$2,831,453 for public safety and legal services and \$1,150,947 for mental health.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1510-0079-B00F.pdf>.

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POWESHIEK COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

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Poweshiek County

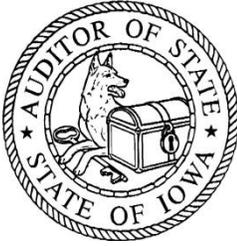
Officials

(Before January 2015)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Trevor White	Board of Supervisors	Jan 2015
Larry Wilson	Board of Supervisors	Jan 2015
Lamoyne Gaard	Board of Supervisors	Jan 2017
Diana Dawley	County Auditor	Jan 2017
Sandy Ross	County Treasurer	Jan 2015
Dianna Longhenry	County Recorder	Nov 2014
Thomas Kriegel	County Sheriff	Jan 2017
Rebecca Petig	County Attorney	Jan 2015
Dotty Bates	County Assessor	Jan 2016

(After January 2015)

Lamoyne Gaard	Board of Supervisors	Jan 2017
Larry Wilson	Board of Supervisors	Jan 2017
Trevor White	Board of Supervisors	Jan 2019
Diana Dawley	County Auditor	Jan 2017
Sandy Ross	County Treasurer	Jan 2019
Dianna Longhenry	County Recorder	Jan 2019
Thomas Kriegel	County Sheriff	Jan 2017
Rebecca Petig	County Attorney	Jan 2019
Dotty Bates	County Assessor	Jan 2016



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Independent Auditor's Report

To the Officials of Poweshiek County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County as of June 30, 2015, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 14, Poweshiek County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 53 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Poweshiek County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 24, 2016 on our consideration of Poweshiek County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Poweshiek County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 24, 2016

Poweshiek County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Poweshiek County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, during fiscal year 2015. The beginning net position for governmental activities was restated by \$2,449,164 to retroactively report the net pension liability as of July 1, 2014 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Pension expense for fiscal year 2014 and the net pension liability, deferred outflows of resources and deferred inflows of resources at June 30, 2014 were not restated because the information needed to restate those amounts was not available.
- Revenues of the County's governmental activities decreased 9.2%, or approximately \$1,496,000, from fiscal year 2014 to fiscal year 2015. Property tax decreased approximately \$96,000, operating grants, contributions and restricted interest increased approximately \$59,000 and capital grants, contributions and restricted interest decreased approximately \$2,035,000.
- Program expenses of the County's governmental activities increased 5.0%, or approximately \$618,000, from fiscal year 2014 to fiscal year 2015. Roads and transportation expenses increased approximately \$533,000, mental health expenses increased approximately \$562,000 and physical health and social services expenses decreased approximately \$93,000.
- The County's net position at June 30, 2015 increased 7.4%, or approximately \$1,893,000, over the restated June 30, 2014 balance.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Poweshiek County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Poweshiek County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Poweshiek County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, Secondary Roads and Urban Renewal, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) The proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. The fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

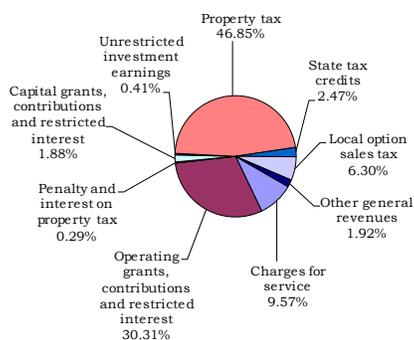
As noted earlier, net position may serve over time as a useful indicator of financial position. Poweshiek County's combined net position at the end of fiscal year 2015 totaled approximately \$27.6 million, compared to approximately \$28.1 million at the end of fiscal year 2014. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities		
(Expressed in Thousands)		
	June 30,	
	2015	2014 (Not Restated)
Current and other assets	\$ 24,952	23,356
Capital assets	26,397	26,427
Total assets	51,349	49,783
Deferred outflows of resources	455	-
Long-term liabilities	15,251	14,027
Other liabilities	725	544
Total liabilities	15,976	14,571
Deferred inflows of resources	8,252	7,080
Net position:		
Net investment in capital assets	19,767	19,312
Restricted	5,870	5,495
Unrestricted	1,939	3,325
Total net position	\$ 27,576	28,132

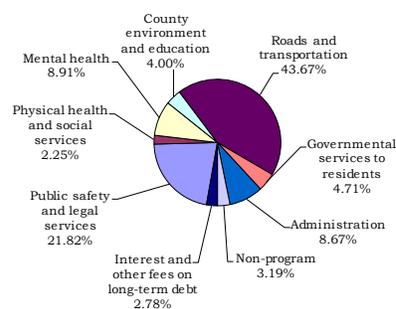
Prior to restatement, the net position of Poweshiek County's governmental activities decreased 2% (approximately \$27.6 million compared to approximately \$28.1 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$3.33 million at June 30, 2014 to approximately \$1.94 million at the end of this year, a decrease of 41.7%, primarily due to recording the net pension liability as of July 1, 2014.

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2015	2014 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 1,408	1,173
Operating grants, contributions and restricted interest	4,462	4,403
Capital grants, contributions and restricted interest	277	2,312
General revenues:		
Property tax	6,893	6,989
Tax increment financing	127	145
Penalty and interest on property tax	43	49
State tax credits	364	210
Local option sales tax	928	807
Unrestricted investment earnings	61	128
Other general revenues	283	126
Total revenues	14,846	16,342
Program expenses:		
Public safety and legal services	2,831	2,967
Physical health and social services	296	389
Mental health	1,150	588
County environment and education	519	569
Roads and transportation	5,646	5,113
Governmental services to residents	613	601
Administration	1,121	1,164
Non-program	416	536
Interest and other fees on long-term debt	361	408
Total expenses	12,953	12,335
Change in net position	1,893	4,007
Net position beginning of year, as restated	25,683	24,125
Net position end of year	\$ 27,576	28,132

Revenues by Source



Expenses by Program



The County levied property tax rate went from \$8.27268 to \$8.22953 per \$1,000 of taxable valuation for fiscal year 2015, a decrease of 0.5%. Countywide taxable valuations in Poweshiek County have increased as follows: from \$1,009,405,108 in fiscal year 2013 to \$1,036,188,373 in fiscal year 2014 to \$1,041,816,338 in fiscal year 2015. Based on increases in the total assessed valuation and an increase in fiscal year 2014 levied property tax rates, property tax revenue is budgeted to increase \$313,395 for the current fiscal year.

The cost of all governmental activities was approximately \$13.0 million compared to approximately \$12.3 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$6.8 million because some of the cost was paid by those directly benefited from the programs (approximately \$1,408,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$4,739,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2015 from approximately \$7,888,000 to approximately \$6,147,000, principally due to a decrease in capital grants and contributions of approximately \$1,630,000 for three farm-to-market projects.

INDIVIDUAL MAJOR FUND ANALYSIS

As Poweshiek County completed the year, its governmental funds reported a combined fund balance of approximately \$14.1 million, an increase of approximately \$495,000 from last year's total of approximately \$13.6 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$69,000 from the prior year. Expenditures increased approximately \$276,000 compared to the prior year. The ending fund balance increased approximately \$428,000 from the prior year to approximately \$3,055,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. Special Revenue, Mental Health Fund revenues totaled approximately \$541,000. Revenues decreased \$684,000, or 56%, from the prior year. Expenditures increased approximately \$380,000 compared to the prior year. The Mental Health Fund balance at year end decreased approximately \$445,000 from the prior year.
- Special Revenue, Rural Services Fund revenues increased approximately \$78,000 compared to the prior year. Expenditures increased approximately \$60,000, a 6% increase from the prior year. The Rural Services Fund ending fund balance increased approximately \$136,000 from the prior year to approximately \$504,000.
- Special Revenue, Secondary Roads Fund revenues increased approximately \$468,000 compared to the prior year. Expenditures increased approximately \$807,000, or 17.2%, over the prior year, due primarily to more construction costs being funded through the Farm to Market Fund. The Secondary Roads Fund ending fund balance increased approximately \$272,000 from the prior year to approximately \$2,526,000.
- Special Revenue, Urban Renewal Fund revenues totaled approximately \$130,000. Tax revenue totaled approximately \$127,000. The County transferred approximately \$124,200 to the Debt Service Fund to pay tax increment financing debt. The Urban Renewal Fund ending fund balance increased approximately \$6,000 from the prior year to approximately \$25,000.
- Debt Service Fund revenues increased approximately \$20,000 compared to the prior year. Expenditures decreased approximately \$1,000 from the prior year. The ending fund balance decreased approximately \$51,000 from the prior year to approximately \$4,978,000. The ending fund balance consists mostly of funds held in escrow for the purpose of paying future principal and interest due on refunded debt on June 1, 2017.

- Capital Projects Fund expenditures decreased approximately \$1,243,000 due to completing the resurfacing and widening of F29 from US6 to US63 in fiscal year 2014 and no similar projects in fiscal year 2015. The ending fund balance decreased approximately \$2,000 from the prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Poweshiek County amended its budget two times. The first amendment was made in March 2015 and resulted in an increase in budgeted receipts and disbursements. A new vehicle was purchased for the Sheriff’s office after an accident and the County purchased a building. The second amendment was made in May 2015 and resulted in an increase in the budget, primarily due to the purchase of a computer server.

The County’s receipts were \$431,620 less than budgeted, a variance of 3%. The most significant variance resulted from less intergovernmental revenues being received than anticipated.

Total disbursements were \$2,103,678 less than the amended budget. Actual disbursements for the roads and transportation, capital projects and administration functions were approximately \$832,000, \$343,000 and \$246,000, respectively, less than budgeted. As stated before, several roadway projects were planned for fiscal year 2015 but were not undertaken. This resulted in roads and transportation actual disbursements being less than budgeted as well as capital projects. Administration expenses were down due to staff resignations and the hiring of employees at lower wages.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Poweshiek County had approximately \$26.4 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease (including additions and deletions) of approximately \$30,000 from last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2015	2014
Land	\$ 1,981	1,695
Construction in progress	787	327
Buildings and improvements	7,473	7,765
Equipment and vehicles	1,534	1,386
Infrastructure	14,622	15,254
Total	\$ 26,397	26,427

The County had depreciation expense of approximately \$1,150,000 for fiscal year 2015 and total accumulated depreciation of approximately \$10,236,000 at June 30, 2015. More detailed information about the County’s capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2015, Poweshiek County had \$11,840,000 of long-term debt outstanding, compared to \$12,325,000 at June 30, 2014.

Outstanding Debt of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2015	2014
General obligation local option sales tax bonds	\$ 5,600	5,960
General obligation refunding bonds	5,210	5,210
General obligation urban renewal notes	1,030	1,155
Total	<u>\$ 11,840</u>	<u>12,325</u>

Debt decreased as a result of the County making principal payments on both the general obligation bonds and the general obligation urban renewal notes during fiscal year 2015. Principal payments totaled \$485,000.

The County carries a general obligation bond rating of Aa3 assigned by national rating agencies. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt of \$11,840,000 is significantly below its constitutional debt limit of approximately \$91 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Poweshiek County's elected and appointed officials considered many factors when setting the fiscal year 2016 budget, tax rates and fees charged for various county activities. The Poweshiek County Board of Supervisors is committed to limiting disbursement increases and reducing funding to non-mandated programs to provide services for the citizens of Poweshiek County. The fiscal year 2016 countywide property tax rate is \$8.16741 per \$1,000 of taxable valuation, a decrease of \$.06212 per \$1,000 of taxable valuation from fiscal year 2015. The fiscal year 2016 General Fund ending fund balance is expected to be approximately \$1,515,000.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Poweshiek County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Poweshiek County Auditor's Office, 302 East Main Street, Montezuma, Iowa 50171-0057.

Poweshiek County

Basic Financial Statements

Exhibit A

Poweshiek County
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 11,438,691
U.S. Treasury securities on deposit with escrow agent	4,949,312
Receivables:	
Property tax:	
Delinquent	2,594
Succeeding year	7,138,000
Penalty and interest on property tax	8,918
Accounts	19,127
Accrued interest	1,648
Due from other governments	849,626
Inventories	453,264
Prepaid insurance	90,800
Capital assets, net of accumulated depreciation	26,396,712
Total assets	51,348,692
Deferred Outflows of Resources	
Pension related deferred outflows	454,896
Liabilities	
Accounts payable	348,141
Salaries and benefits payable	180,601
Due to other governments	167,189
Accrued interest payable	28,845
Long-term liabilities:	
Portion due or payable within one year:	
General obligation local option sales tax bonds	370,000
General obligation urban renewal notes	125,000
Compensated absences	212,829
Portion due or payable after one year:	
General obligation local option sales tax bonds	5,230,000
General obligation urban renewal notes	905,000
General obligation refunding bonds	5,210,000
Compensated absences	38,524
Landfill postclosure care	375,000
Net pension liability	1,538,422
Net OPEB liability	1,246,000
Total liabilities	15,975,551
Deferred Inflows of Resources	
Unavailable property tax revenue	7,138,000
Pension related deferred inflows	1,114,152
Total deferred inflows of resources	8,252,152
Net Position	
Net investment in capital assets	19,766,712
Restricted for:	
Supplemental levy purposes	351,431
Mental health purposes	74,521
Rural services purposes	452,351
Secondary roads purposes	2,385,987
Capital improvements	551,915
Landfill postclosure care	1,107,535
Debt service	371,177
Other purposes	574,751
Unrestricted	1,939,505
Total net position	\$ 27,575,885

See notes to financial statements.

Poweshiek County
Statement of Activities
Year ended June 30, 2015

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,831,453	123,239	266,135	-	(2,442,079)
Physical health and social services	295,555	291,473	159,130	-	155,048
Mental health	1,150,947	-	66,295	-	(1,084,652)
County environment and education	518,956	62,820	26,170	253,000	(176,966)
Roads and transportation	5,645,854	70,608	3,889,532	-	(1,685,614)
Governmental services to residents	613,181	354,022	9,924	-	(249,235)
Administration	1,120,621	82,645	-	-	(1,037,976)
Non-program	416,239	423,503	-	23,630	30,894
Interest on long-term debt	360,726	-	45,137	-	(315,589)
Total	\$ 12,953,532	1,408,310	4,462,323	276,630	(6,806,269)
General Revenues:					
Property and other county tax levied for:					
General purposes					6,889,895
Debt service					2,715
Tax increment financing					126,695
Penalty and interest on property tax					43,332
State tax credits					363,659
Local option sales tax					928,085
Unrestricted investment earnings					60,930
Gain on disposition of capital assets					219,761
Miscellaneous					63,848
Total general revenues					8,698,920
Change in net position					1,892,651
Net position beginning of year, as restated					25,683,234
Net position end of year					\$ 27,575,885

See notes to financial statements.

Poweshiek County
Balance Sheet
Governmental Funds

June 30, 2015

Assets	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets:				
Cash, cash equivalents and pooled investments	\$ 3,141,476	271,585	488,316	1,967,269
U.S. Treasury securities on deposit with escrow agent	-	-	-	-
Receivables:				
Property tax:				
Delinquent	1,621	180	785	-
Succeeding year	3,984,000	440,000	2,696,000	-
Interest and penalty on property tax	2,715	-	6,203	-
Accounts	17,601	-	-	1,526
Accrued interest	1,634	-	-	-
Due from other governments	22,714	6,907	27,448	673,220
Inventories	-	-	-	453,264
Prepaid insurance	38,085	-	14,034	38,681
Total assets	\$ 7,209,846	718,672	3,232,786	3,133,960
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 69,710	506	4,855	152,168
Salaries and benefits payable	90,317	1,525	27,357	61,402
Due to other governments	6,007	161,065	-	117
Total liabilities	166,034	163,096	32,212	213,687
Deferred inflows of resources:				
Unavailable resources:				
Succeeding year property tax	3,984,000	440,000	2,696,000	-
Other	4,336	180	785	394,489
Total deferred inflows of resources	3,988,336	440,180	2,696,785	394,489
Fund balances:				
Nonspendable:				
Inventories	-	-	-	453,264
Prepaid insurance	38,085	-	14,034	38,681
Restricted for:	-			
Supplemental levy purposes	351,431	-	-	-
Mental health purposes	-	115,396	-	-
Rural services purposes	-	-	489,755	-
Secondary roads purposes	-	-	-	2,033,839
Conservation land acquisition	124,372	-	-	-
Landfill postclosure care	-	-	-	-
Debt service	-	-	-	-
Capital improvements	-	-	-	-
Other purposes	157,405	-	-	-
Unassigned	2,384,183	-	-	-
Total fund balances	3,055,476	115,396	503,789	2,525,784
Total liabilities, deferred inflow of resources and fund balances	\$ 7,209,846	718,672	3,232,786	3,133,960

See notes to financial statements.

Urban Renewal	Debt Service	Capital Projects	Nonmajor	Total
24,731	28,565	39,439	2,711,012	8,672,393
-	4,949,312	-	-	4,949,312
-	8	-	-	2,594
-	18,000	-	-	7,138,000
-	-	-	-	8,918
-	-	-	-	19,127
1	12	-	1	1,648
-	-	-	119,337	849,626
-	-	-	-	453,264
-	-	-	-	90,800
24,732	4,995,897	39,439	2,830,350	22,185,682
-	-	-	1,902	229,141
-	-	-	-	180,601
-	-	-	-	167,189
-	-	-	1,902	576,931
-	18,000	-	-	7,138,000
-	8	-	-	399,798
-	18,008	-	-	7,537,798
-	-	-	-	453,264
-	-	-	-	90,800
-	-	-	-	351,431
-	-	-	-	115,396
-	-	-	-	489,755
-	-	-	-	2,033,839
24,732	-	-	-	149,104
-	-	-	1,482,235	1,482,235
-	4,977,889	-	603,280	5,581,169
-	-	39,439	512,476	551,915
-	-	-	230,457	387,862
-	-	-	-	2,384,183
24,732	4,977,889	39,439	2,828,448	14,070,953
24,732	4,995,897	39,439	2,830,350	22,185,682

Poweshiek County

Poweshiek County

Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position

June 30, 2015

Total governmental fund balances (page 21)		\$ 14,070,953
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$36,632,468 and the accumulated depreciation is \$10,235,756.		26,396,712
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		399,798
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		2,647,298
Pension related deferred outflows of resources and deferred inflows of resources are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 454,896	
Deferred inflows of resources	<u>(1,114,152)</u>	(659,256)
Long-term liabilities, including bonds and notes payable, compensated absences payable, other postemployment benefits payable, landfill postclosure care payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(15,279,620)</u>
Net position of governmental activities (page 18)		<u><u>\$ 27,575,885</u></u>

See notes to financial statements.

Poweshiek County

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2015

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 3,849,251	424,018	2,600,463	-
Tax increment financing	-	-	-	-
Local option sales tax	-	-	-	-
Penalty and interest on property tax	47,241	-	-	-
Intergovernmental	667,868	91,241	386,952	3,498,618
Licenses and permits	1,028	-	27,121	48,662
Charges for service	441,397	-	64,849	-
Use of money and property	60,773	-	-	463
Miscellaneous	91,842	25,652	32,506	21,945
Total revenues	5,159,400	540,911	3,111,891	3,569,688
Expenditures:				
Operating:				
Public safety and legal services	1,916,528	-	921,155	-
Physical health and social services	269,286	-	57,087	-
Mental health	200,924	985,453	-	-
County environment and education	399,851	-	85,870	-
Roads and transportation	-	-	-	5,042,502
Governmental services to residents	671,141	-	5,814	-
Administration	1,183,672	-	38,628	-
Non-program	138,849	-	-	-
Debt service	-	-	-	-
Capital projects	136,111	-	-	460,731
Total expenditures	4,916,362	985,453	1,108,554	5,503,233
Excess (deficiency) of revenues over (under) expenditures	243,038	(444,542)	2,003,337	(1,933,545)
Other financing sources (uses):				
Transfers in	-	-	-	2,205,353
Transfers out	(158,225)	-	(1,867,128)	-
Sale of capital assets	343,250	-	-	-
Total other financing sources (uses)	185,025	-	(1,867,128)	2,205,353
Change in fund balances	428,063	(444,542)	136,209	271,808
Fund balances beginning of year	2,627,413	559,938	367,580	2,253,976
Fund balances end of year	\$ 3,055,476	115,396	503,789	2,525,784

See notes to financial statements.

Urban Renewal	Debt Service	Capital Projects	Nonmajor	Total
-	18,567	-	-	6,892,299
126,695	-	-	-	126,695
-	-	-	928,085	928,085
-	-	-	-	47,241
3,064	1,099	-	15,536	4,664,378
-	-	-	-	76,811
-	-	-	3,833	510,079
7	45,138	-	13	106,394
-	-	-	35,101	207,046
129,766	64,804	-	982,568	13,559,028
-	-	-	475	2,838,158
-	-	-	-	326,373
-	-	-	-	1,186,377
-	-	-	11,882	497,603
-	-	-	-	5,042,502
-	-	-	2,362	679,317
-	-	-	-	1,222,300
-	-	-	-	138,849
-	847,052	-	-	847,052
-	-	1,500	30,000	628,342
-	847,052	1,500	44,719	13,406,873
129,766	(782,248)	(1,500)	937,849	152,155
-	731,008	-	20,000	2,956,361
(123,688)	-	-	(807,320)	(2,956,361)
-	-	-	-	343,250
(123,688)	731,008	-	(787,320)	343,250
6,078	(51,240)	(1,500)	150,529	495,405
18,654	5,029,129	40,939	2,677,919	13,575,548
24,732	4,977,889	39,439	2,828,448	14,070,953

Poweshiek County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances –
Governmental Funds to the Statement
of Activities

Year ended June 30, 2015

Change in fund balances - Total governmental funds (page 25) \$ 495,405

***Amounts reported for governmental activities in the Statement of
Activities are different because:***

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$	989,447	
Land contributed by private sources and the Iowa Department of Natural Resources		253,000	
Depreciation expense		(1,148,968)	93,479

In the Statement of Activities, the gain on disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (123,489)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds. 390,891

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 485,000

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position. 361,224

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences		(1,392)	
Accrued interest expense		1,326	
Other postemployment benefits		(169,000)	
Pension expense		(109,738)	(278,804)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 468,945

Change in net position of governmental activities (page 19) \$ 1,892,651

See notes to financial statements.

Poweshiek County
Statement of Net Position
Proprietary Fund

June 30, 2015

	<u>Internal Service - Employee Group Health</u>
Current Assets	
Cash and cash equivalents	\$ 2,766,298
Current Liabilities	
Accounts payable	<u>119,000</u>
Net Position	
Unrestricted	<u>\$ 2,647,298</u>

See notes to financial statements.

Exhibit H

Poweshiek County
Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Fund

Year ended June 30, 2015

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$1,275,868
Reimbursements from employees and others		224,583
Insurance reimbursements		95,469
Total operating revenues		<u>1,595,920</u>
Operating expenses:		
Medical claims	\$ 868,585	
Insurance premiums	200,017	
Administrative fees	65,622	
Miscellaneous	6,031	
Operating income		<u>455,665</u>
Non-operating revenues:		
Interest income		13,280
Net income		<u>468,945</u>
Net position beginning of year		2,178,353
Net position end of year		<u><u>\$2,647,298</u></u>

See notes to financial statements.

Poweshiek County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2015

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,275,868
Cash received from employees and others	320,052
Cash paid to suppliers for services	<u>(1,083,585)</u>
Net cash provided by operating activities	512,335
Cash flows from investing activities:	
Interest on investments	<u>13,280</u>
Net increase in cash and cash equivalents	525,615
Cash and cash equivalents beginning of year	<u>2,240,683</u>
Cash and cash equivalents end of year	<u><u>\$ 2,766,298</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 455,665
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	<u>56,670</u>
Net cash provided by operating activities	<u><u>\$ 512,335</u></u>

See notes to financial statements.

Poweshiek County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 1,250,137
Other County officials	33,597

Receivables:

Property tax:

Delinquent	16,110
Succeeding year	25,753,000

Accounts	28,246
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Special assessments	28,183
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Accrued interest	2
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Due from other governments	27,772
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Total assets	<u>27,137,047</u>
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Liabilities

Accounts payable	6,330
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Salaries and benefits payable	14,749
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Due to other governments	27,053,946
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Trusts payable	38,863
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Compensated absences	23,159
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Total liabilities	<u>27,137,047</u>
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Net position	<u><u>\$ -</u></u>
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See notes to financial statements.

Poweshiek County

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

Poweshiek County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Poweshiek County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Poweshiek County Assessor's Conference Board, Poweshiek County Emergency Management Services Commission and Poweshiek County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Drug Task Force Agreement, South Central Iowa Solid Waste Agency and Poweshiek Area Development Corporation.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Net position restricted through enabling legislation consists of \$1,107,535 for landfill postclosure care.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, the proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The Urban Renewal Fund is used to account for tax increment financing revenue and the repayment of tax increment financing indebtedness.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following funds:

Proprietary Fund – An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund

financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Intangibles	\$ 100,000
Infrastructure	50,000
Land and buildings	35,000
Land improvements	25,000
Equipment and vehicles	10,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	25 - 50
Land improvements	10 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	5 - 15

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Secondary Roads and Rural Services Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees’ Retirement System (IPERS) and additions to/deductions from IPERS’ fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized since the assets are not collected within the current year or

expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$6,860,939 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes. Also, at June 30, 2015, an escrow agent held U.S. Treasury notes for the County with a carrying amount and fair value of \$4,949,312 which mature through June 1, 2017.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	Special Revenue: Local Option Sales Tax	\$ 200,000
Debt Service		607,320
		<u>807,320</u>
Debt Service	Special Revenue: Urban Renewal	123,688
Special Revenue: Secondary Roads	Special Revenue: Rural Services	1,847,128
	General	158,225
		<u>2,005,353</u>
Sanitary Disposal	Special Revenue: Rural Services	20,000
Total		<u>\$ 2,956,361</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,695,075	290,000	3,683	1,981,392
Construction in progress	327,172	459,915	-	787,087
Total capital assets not being depreciated	<u>2,022,247</u>	<u>749,915</u>	<u>3,683</u>	<u>2,768,479</u>
Capital assets being depreciated:				
Buildings	9,662,341	82,975	682,458	9,062,858
Equipment and vehicles	6,370,307	456,250	159,653	6,666,904
Infrastructure	18,134,227	-	-	18,134,227
Total capital assets being depreciated	<u>34,166,875</u>	<u>539,225</u>	<u>842,111</u>	<u>33,863,989</u>
Less accumulated depreciation for:				
Buildings	1,897,130	208,705	515,959	1,589,876
Equipment and vehicles	4,984,299	308,453	159,653	5,133,099
Infrastructure	2,880,971	631,810	-	3,512,781
Total accumulated depreciation	<u>9,762,400</u>	<u>1,148,968</u>	<u>675,612</u>	<u>10,235,756</u>
Total capital assets being depreciated, net	<u>24,404,475</u>	<u>(609,743)</u>	<u>166,499</u>	<u>23,628,233</u>
Governmental activities capital assets, net	<u>\$ 26,426,722</u>	<u>140,172</u>	<u>170,182</u>	<u>26,396,712</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 235,353
Physical health and social services	5,927
Mental health	14,281
County environment and education	51,762
Roads and transportation	814,263
Administration	27,382
Total depreciation expense - governmental activities	<u>\$1,148,968</u>

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2015 is as follows:

Fund	Description	Amount
General	Services	\$ 6,007
Special Revenue:		
Mental Health	Services	161,065
Secondary Roads	Services	117
	Total for governmental funds	<u>\$ 167,189</u>
Agency:		
County Assessor	Collections	\$ 691,427
Schools		14,985,394
Community Colleges		1,876,386
Corporations		7,876,526
Auto License and Use Tax		466,929
All other		1,157,284
	Total for agency funds	<u>\$ 27,053,946</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	General Obligation	General Obligation	General Obligation	Compen- sated	Estimated Liability	Net	Net	Total
	Local Option Sales Tax Bonds	General Obligation Refunding Bonds	Urban Renewal Notes	Absences	for Landfill Postclosure Care	Pension Liability	OPEB Liability	
Balance beginning of year, as restated	\$ 5,960,000	5,210,000	1,155,000	249,961	375,000	2,808,105	1,077,000	16,835,066
Increases	-	-	-	518,259	-	-	288,000	806,259
Decreases	360,000	-	125,000	516,867	-	1,269,683	119,000	2,390,550
Balance end of year	<u>\$ 5,600,000</u>	<u>5,210,000</u>	<u>1,030,000</u>	<u>251,353</u>	<u>375,000</u>	<u>1,538,422</u>	<u>1,246,000</u>	<u>15,250,775</u>
Due within one year	<u>\$ 370,000</u>	<u>-</u>	<u>125,000</u>	<u>212,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>707,829</u>

A summary of the County's general obligation indebtedness is as follows:

Year Ending June 30,	Local Option Sales Tax Bonds		Refunding Bonds		Urban Renewal Notes		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2016	\$ 370,000	233,280	-	96,757	125,000	16,100	495,000	346,137	841,137
2017	5,230,000	218,850	-	96,757	125,000	14,225	5,355,000	329,832	5,684,832
2018	-	-	505,000	96,757	130,000	12,350	635,000	109,107	744,107
2019	-	-	515,000	91,712	130,000	10,400	645,000	102,112	747,112
2020	-	-	520,000	85,270	130,000	8,450	650,000	93,720	743,720
2021-2025	-	-	2,730,000	286,877	390,000	13,845	3,120,000	300,722	3,420,722
2026-2027	-	-	940,000	31,270	-	-	940,000	31,270	971,270
Total	\$ 5,600,000	452,130	5,210,000	785,400	1,030,000	75,370	11,840,000	1,312,900	13,152,900

General Obligation Local Option Sales Tax Bonds

The County has pledged future local option sales tax receipts to repay \$7,950,000 of general obligation local option sales tax bonds issued on October 15, 2008. Proceeds from the bonds provided financing for construction of the Public Safety building. The bonds, including interest at rates ranging from 3.85% to 4.40% per annum, are payable through 2027 from local option sales tax receipts. If those receipts are insufficient at March 15 for payment of principal and interest on the bonds, property tax will be levied for the next fiscal year. Annual principal and interest payments on the bonds during the current year required 65% of net receipts. The total principal and interest remaining to be paid on the bonds is \$6,052,130. For the current year, principal and interest paid and total local option sales tax receipts were \$607,320 and \$928,085, respectively.

The resolution providing for the issuance of the bonds includes the following provisions:

- (a) The bonds will be redeemed from future local option sales tax receipts and, as needed in order to supplement the local option sales tax receipts, an annual property tax levy.
- (b) The local option sales tax receipts shall be deposited in a Local Option Sales Tax Revenue Fund (Revenue Fund), which shall be used and disbursed to pay the principal and interest on the bonds.
- (c) Sufficient transfers shall be made from the Revenue Fund to a separate bond sinking account within the Debt Service Fund for the purpose of making the bond principal and interest payments when due. No later than March 15 of each year, the Revenue Fund shall set aside sufficient revenues to pay the principal and interest coming due in the next succeeding fiscal year. If the revenues are insufficient to pay the principal and interest coming due in the next succeeding fiscal year, property tax will be levied for the next fiscal year.

During the year ended June 30, 2015, the County retired \$360,000 of general obligation local option sales tax bonds.

General Obligation Refunding Bonds

On March 29, 2012, the County issued \$5,210,000 of general obligation local option sales tax refunding bonds for the crossover advance refunding of \$4,845,000 of general obligation local option sales tax bonds dated October 15, 2008. The bonds bear interest at rates ranging from 3.85% to 4.40% per annum. The bonds will be called on June 1, 2017.

For the crossover advance refunding, the County entered into an escrow agreement whereby the proceeds from the general obligation refunding bonds were converted into U.S. government securities. These securities, along with additional cash, were placed

with an escrow agent for the express purpose of paying the principal and interest on the refunding general obligation bonds (new debt) until the crossover refunding date. On the crossover date of June 1, 2017, the refunded general obligation bonds (old debt) will be paid using the amounts held by the escrow agent. From that point forward, the local option sales tax revenues will be used to pay the general obligation refunding bonds (new debt). The transactions, balances and liabilities of the escrow account are recorded by the County since the refunded debt is not considered extinguished.

General Obligation Urban Renewal Notes

On May 9, 2013, the County issued \$1,280,000 of general obligation urban renewal notes. The notes bear interest at rates ranging from 1.50% to 1.90% per annum. The notes will be used to finance reconstruction and improvements to County roads in the urban renewal areas.

(7) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's and protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.76% of covered payroll and the County contributed 10.14% for a total rate of 16.90%.

The County's contributions to IPERS for the year ended June 30, 2015 were \$361,224.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of \$1,538,422 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was 0.038791%, which was a decrease of 0.010116% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$109,738. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,240	34,832
Changes of assumptions	74,067	29,738
Net difference between projected and actual earnings on pension plan investments	-	969,479
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	1,365	80,103
County contributions subsequent to the measurement date	361,224	-
Total	<u>\$ 454,896</u>	<u>1,114,152</u>

\$361,224 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	\$ (254,286)
2017	(254,286)
2018	(254,286)
2019	(254,286)
2020	(3,336)
Total	<u>\$ (1,020,480)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31%
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%.

The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability (asset)	\$ 3,736,181	\$1,538,422	\$ (314,371)

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2015.

(8) Other Postemployment Benefits (OPEB)

Plan Description - The County operates a single-employer health benefit plan which provides medical, dental and vision benefits for employees, retirees and their spouses. There are 84 active and 9 retired members in the plan. Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 51 with 22 years of service or elected officials who must be age 57 with 8 years of service.

The health coverage, which is a self-funded health plan, is administered by Wellmark. For retirees under age 65, the County pays the same premium for the medical, dental and vision benefits as active employees, which results in an implicit rate subsidy and an OPEB liability. The County also offers an early retirement program to employees who were employed by the County as of December 31, 2009, which results in an explicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 288,000
Interest on net OPEB obligation	43,000
Adjustment to annual required contribution	<u>(43,000)</u>
Annual OPEB cost	288,000
Contributions made	<u>(119,000)</u>
Increase in net OPEB obligation	169,000
Net OPEB obligation beginning of year	<u>1,077,000</u>
Net OPEB obligation end of year	<u><u>\$ 1,246,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the County contributed \$119,000 to the health plan and there were no contributions from plan members eligible for benefits.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 410,000	53.9%	\$ 928,000
2014	408,000	63.5	1,077,000
2015	288,000	41.3	1,246,000

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was approximately \$2,842,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$2,842,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,688,000 and the ratio of the UAAL to covered payroll was 77.1%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 9%. The ultimate health trend rate is 5%. The health trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the SOA RPH-2014 Total Dataset Headcount-Weighted Morality with scale MP-2014, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2013 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2013.

The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/ machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2015 were \$183,372.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been recorded in the County's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation, boiler and machinery and employee blanket bond in the amount of \$1,000,000, \$1,000,000 and \$80,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement was effective July 1, 2010 and is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$30,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2015 was \$1,275,868.

Amounts payable from the Employee Group Health Fund at June 30, 2015 total \$119,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$2,647,298 at June 30, 2015 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 62,330
Incurred claims (including claims incurred but not reported at June 30, 2015)	868,585
Payment on claims during the fiscal year	<u>811,915</u>
Unpaid claims end of year	<u>\$ 119,000</u>

(11) Postclosure Care

To comply with federal and state regulations, the County is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually. These costs for the Poweshiek County Sanitary Landfill have been estimated at \$375,000 as of June 30, 2015 and a liability of that amount has been recognized.

Chapter 111 of the Iowa Administrative Code has been promulgated to implement financial assurance rules. Since the Poweshiek County Sanitary Landfill stopped waste disposal prior to the Chapter 111 effective date of August 24, 1994, financial assurance is not required for the Landfill. However, the County has accumulated resources to fund postclosure care and, at June 30, 2015, \$1,482,235 restricted for these purposes is reported in the Special Revenue, Sanitary Disposal Fund.

(12) Poweshiek County Financial Information Included in the Central Iowa Community Services Mental Health Region

Central Iowa Community Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, which became effective July 10, 2014, includes the following member counties: Boone, Franklin, Hamilton, Hardin, Jasper, Madison, Marshall, Poweshiek, Story, and Warren. The financial activity of Poweshiek County's Special Revenue, Mental Health Fund is included in the Central Iowa Community Services Mental Health Region for the year ended June 30, 2015, as follows:

Revenues:

Property and other county tax		\$ 424,018
Intergovernmental:		
State tax credits	\$ 16,318	
MH-DD reimbursement from other governments	37,329	
Social services block grant	28,966	
Other	8,628	91,241
Miscellaneous		25,652
Total revenues		<u>540,911</u>

Expenditures:

Services to persons with:		
Mental illness	134,076	
Intellectual disabilities	14,501	
Other developmental disabilities	13,104	161,681
General administration:		
Direct administration	6,162	
Distribution to regional fiscal agent	764,300	770,462
County provided case management		53,310
Total expenditures		<u>985,453</u>
Excess of expenditures over revenues		(444,542)
Fund balance beginning of year		<u>559,938</u>
Fund balance end of year		<u>\$ 115,396</u>

(13) Due From Other Governments

On July 1, 2014, the County entered into a loan agreement with the City of Brooklyn for \$182,045 for work performed on highway F29/Old Road 6. The agreement is payable through 2019 and requires annual payments of \$38,175.

During the year ended June 30, 2015, the County received \$38,175 of principal and interest under the agreement.

(14) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>
Net position June 30, 2014, as previously reported	\$ 28,132,398
Net pension liability at June 30, 2014	(2,808,105)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	<u>358,941</u>
Net position July 1, 2014, as restated	<u>\$ 25,683,234</u>

Required Supplementary Information

Poweshiek County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances –
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2015

	Actual	Budgeted Amounts		Final to
		Original	Final	Actual Variance
Receipts:				
Property and other county tax	\$ 7,980,762	7,752,482	7,752,482	228,280
Penalty and interest on property tax	50,771	50,050	50,050	721
Intergovernmental	4,621,620	4,973,508	5,006,756	(385,136)
Licenses and permits	76,606	17,800	17,800	58,806
Charges for service	523,710	466,769	471,269	52,441
Use of money and property	11,100	214,671	214,671	(203,571)
Miscellaneous	192,817	347,230	375,978	(183,161)
Total receipts	13,457,386	13,822,510	13,889,006	(431,620)
Disbursements:				
Public safety and legal services	2,821,081	2,973,131	3,044,913	223,832
Physical health and social services	318,517	432,776	455,276	136,759
Mental health	1,076,622	1,157,777	1,157,777	81,155
County environment and education	491,256	494,205	505,453	14,197
Roads and transportation	5,019,265	5,851,040	5,851,040	831,775
Governmental services to residents	680,811	769,505	763,901	83,090
Administration	1,262,855	1,448,478	1,509,082	246,227
Non-program	148,211	185,572	195,572	47,361
Debt service	750,295	847,053	847,053	96,758
Capital projects	639,976	892,500	982,500	342,524
Total disbursements	13,208,889	15,052,037	15,312,567	2,103,678
Excess (deficiency) of receipts over (under) disbursements	248,497	(1,229,527)	(1,423,561)	1,672,058
Other financing sources, net	343,250	-	-	343,250
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	591,747	(1,229,527)	(1,423,561)	2,015,308
Balance beginning of year	13,029,958	5,188,843	4,994,809	8,035,149
Balance end of year	\$ 13,621,705	3,959,316	3,571,248	10,050,457

See accompanying independent auditor's report.

Poweshiek County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 13,457,386	101,642	13,559,028
Expenditures	13,208,889	197,984	13,406,873
Net	248,497	(96,342)	152,155
Other financing sources, net	343,250	-	343,250
Beginning fund balances	13,029,958	545,590	13,575,548
Ending fund balances	\$ 13,621,705	449,248	14,070,953

See accompanying independent auditor's report.

Poweshiek County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$260,530. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2015, disbursements did not exceed the amounts budgeted by function.

Poweshiek County

Poweshiek County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	<u>2015</u>
County's collective proportion of the net pension liability (asset)	0.038791%
County's collective proportionate share of the net pension liability (asset)	\$ 1,538
County's covered-employee payroll	\$ 3,886
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	39.58%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Poweshiek County

Schedule of County Contributions

Iowa Public Employees' Retirement System
Last Ten Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 361	359	351	331
Contributions in relation to the statutorily required contribution	<u>(361)</u>	<u>(359)</u>	<u>(351)</u>	<u>(331)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 3,856	3,886	3,874	3,844
Contributions as a percentage of covered-employee payroll	9.36%	9.24%	9.06%	8.61%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
290	262	236	214	196	183
<u>(290)</u>	<u>(262)</u>	<u>(236)</u>	<u>(214)</u>	<u>(196)</u>	<u>(183)</u>
-	-	-	-	-	-
3,799	3,707	3,517	3,367	3,166	2,967
7.63%	7.07%	6.71%	6.36%	6.19%	6.17%

Poweshiek County

Poweshiek County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs, deputies and protection occupation members.

Poweshiek County

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2008	-	\$ 2,995	2,995	0.0%	\$ 3,600	83.2%
2011	Jul 1, 2008	-	2,995	2,995	0.0	3,520	85.1
2012	Jul 1, 2011	-	3,639	3,639	0.0	3,587	101.5
2013	Jul 1, 2011	-	3,639	3,639	0.0	3,800	95.8
2014	Jul 1, 2011	-	3,639	3,639	0.0	3,822	95.2
2015	Jul 1, 2014	-	2,842	2,842	0.0	3,688	77.1

See accompanying independent auditor's report.

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Poweshiek County

Supplementary Information

Poweshiek County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2015

	Resource Enhancement and Protection	County Recorder's Records Management	County Conservation Bequest
Assets			
Cash, cash equivalents and pooled investments	\$ 11,006	24,605	65,002
Accrued interest	-	-	1
Due from other governments	-	-	-
Total assets	\$ 11,006	24,605	65,003
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	1,602	-
Fund balances:			
Restricted for:			
Landfill postclosure care	-	-	-
Debt service	-	-	-
Capital improvements	-	-	-
Other purposes	11,006	23,003	65,003
Total fund balances	11,006	23,003	65,003
Total liabilities and fund balances	\$ 11,006	24,605	65,003

See accompanying independent auditor's report.

Special Revenue					
Conservation Easement	Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Total
5,000	17,139	109,306	1,482,535	996,419	2,711,012
-	-	-	-	-	1
-	-	-	-	119,337	119,337
5,000	17,139	109,306	1,482,535	1,115,756	2,830,350
-	-	-	300	-	1,902
-	-	-	1,482,235	-	1,482,235
-	-	-	-	603,280	603,280
-	-	-	-	512,476	512,476
5,000	17,139	109,306	-	-	230,457
5,000	17,139	109,306	1,482,235	1,115,756	2,828,448
5,000	17,139	109,306	1,482,535	1,115,756	2,830,350

Poweshiek County

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2015

	Resource Enhancement and Protection	County Recorder's Records Management	County Conservation Bequest
Revenues:			
Local option sales tax	\$ -	-	-
Intergovernmental	15,536	-	-
Charges for service	-	3,833	-
Use of money and property	4	2	7
Miscellaneous	-	-	-
Total revenues	15,540	3,835	7
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	-	-
Governmental services to residents	-	2,362	-
Capital projects	30,000	-	-
Total expenditures	30,000	2,362	-
Excess (deficiency) of revenues over (under) expenditures	(14,460)	1,473	7
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(14,460)	1,473	7
Fund balances beginning of year	25,466	21,530	64,996
Fund balances end of year	\$ 11,006	23,003	65,003

See accompanying independent auditor's report.

Special Revenue						
Conservation Easement	Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Local Option Sales Tax	Total	
-	-	-	-	928,085	928,085	
-	-	-	-	-	15,536	
-	-	-	-	-	3,833	
-	-	-	-	-	13	
-	-	7,293	27,808	-	35,101	
-	-	7,293	27,808	928,085	982,568	
-	-	475	-	-	475	
-	-	-	11,882	-	11,882	
-	-	-	-	-	2,362	
-	-	-	-	-	30,000	
-	-	475	11,882	-	44,719	
-	-	6,818	15,926	928,085	937,849	
-	-	-	20,000	-	20,000	
-	-	-	-	(807,320)	(807,320)	
-	-	-	20,000	(807,320)	(787,320)	
-	-	6,818	35,926	120,765	150,529	
5,000	17,139	102,488	1,446,309	994,991	2,677,919	
5,000	17,139	109,306	1,482,235	1,115,756	2,828,448	

Poweshiek County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2015

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	1,280	1,909	244,337	120,949
Other County officials	33,597	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	89	181	5,445
Succeeding year	-	-	217,000	481,000	14,859,000
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Accrued interest	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 33,597	1,280	218,998	725,518	14,985,394
Liabilities					
Accounts payable	\$ -	-	-	258	-
Salaries and benefits payable	-	-	-	12,518	-
Due to other governments	17,360	1,280	218,998	691,427	14,985,394
Trusts payable	16,237	-	-	-	-
Compensated absences	-	-	-	21,315	-
Total liabilities	\$ 33,597	1,280	218,998	725,518	14,985,394

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	E-911 Service	Other	Total
15,615	49,935	645	466,929	188,098	160,440	1,250,137
-	-	-	-	-	-	33,597
771	4,591	5	-	-	5,028	16,110
1,860,000	7,822,000	312,000	-	-	202,000	25,753,000
-	-	-	-	20,348	7,898	28,246
-	-	-	-	-	28,183	28,183
-	-	-	-	2	-	2
-	-	-	-	27,772	-	27,772
<u>1,876,386</u>	<u>7,876,526</u>	<u>312,650</u>	<u>466,929</u>	<u>236,220</u>	<u>403,549</u>	<u>27,137,047</u>
-	-	-	-	5,830	242	6,330
-	-	-	-	-	2,231	14,749
1,876,386	7,876,526	312,650	466,929	230,390	376,606	27,053,946
-	-	-	-	-	22,626	38,863
-	-	-	-	-	1,844	23,159
<u>1,876,386</u>	<u>7,876,526</u>	<u>312,650</u>	<u>466,929</u>	<u>236,220</u>	<u>403,549</u>	<u>27,137,047</u>

Poweshiek County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2015

	County Offices	Holiday Lake RIZ	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities					
Balances beginning of year	\$ 37,081	1,364	218,908	718,860	13,999,840
Additions:					
Property and other county tax	-	209,176	208,966	463,436	14,371,077
E911 surcharge	-	-	-	-	-
State tax credits	-	4,106	12,298	25,156	802,831
Drivers license fees	-	-	-	-	-
Office fees and collections	395,487	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	194,581	-	-	-	-
Miscellaneous	-	-	-	55	-
Total additions	590,068	213,282	221,264	488,647	15,173,908
Deductions:					
Agency remittances:					
To other funds	211,315	-	-	-	-
To other governments	181,004	213,366	221,174	481,989	14,188,354
Trusts paid out	201,233	-	-	-	-
Total deductions	593,552	213,366	221,174	481,989	14,188,354
Balances end of year	\$ 33,597	1,280	218,998	725,518	14,985,394

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License and Use Tax	E-911 Service	Other	Total
1,853,329	7,648,052	290,652	500,293	174,252	367,457	25,810,088
1,781,485	7,203,485	92,234	-	-	192,475	24,522,334
-	-	-	-	346,403	-	346,403
104,537	595,209	2,983	-	-	129,694	1,676,814
-	-	-	226,432	-	-	226,432
-	-	-	-	-	4,152	399,639
-	-	-	5,768,159	-	-	5,768,159
-	-	-	-	-	28,183	28,183
-	-	-	-	-	162,801	357,382
-	-	-	-	2	7,960	8,017
1,886,022	7,798,694	95,217	5,994,591	346,405	525,265	33,333,363
-	-	-	226,433	-	-	437,748
1,862,965	7,570,220	73,219	5,801,522	284,437	489,173	31,367,423
-	-	-	-	-	-	201,233
1,862,965	7,570,220	73,219	6,027,955	284,437	489,173	32,006,404
1,876,386	7,876,526	312,650	466,929	236,220	403,549	27,137,047

Poweshiek County

Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds

For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
Property and other county tax	\$ 6,892,299	6,986,195	6,585,265	6,576,530
Tax increment financing	126,695	144,924	-	-
Local option sales tax	928,085	807,091	785,610	834,594
Penalty and interest on property tax	47,241	48,720	51,443	50,255
Intergovernmental	4,664,378	4,588,245	3,944,072	5,178,661
Licenses and permits	76,811	121,538	57,490	65,935
Charges for service	510,079	514,703	550,596	555,409
Use of money and property	106,394	171,910	152,092	129,898
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	207,046	213,085	234,567	219,351
Total	\$ 13,559,028	13,596,411	12,361,135	13,610,633
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,838,158	2,792,814	2,734,316	2,758,405
Physical health and social services	326,373	391,098	283,905	309,654
Mental health	1,186,377	604,358	892,271	2,681,005
County environment and education	497,603	538,801	463,706	504,349
Roads and transportation	5,042,502	4,696,708	5,428,293	4,891,508
Governmental services to residents	679,317	628,471	674,934	688,105
Administration	1,222,300	1,161,822	1,066,481	1,114,457
Non-program	138,849	274,769	235,808	245,247
Debt service	847,052	847,650	739,998	637,777
Capital projects	628,342	1,266,712	167,526	149,099
Total	\$ 13,406,873	13,203,203	12,687,238	13,979,606

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
6,347,814	6,282,585	5,669,326	5,492,645	4,933,991	4,650,738
-	-	-	-	-	-
761,864	755,322	802,996	-	-	-
52,609	57,061	60,255	52,631	40,051	40,140
4,581,922	5,011,819	5,227,309	4,509,555	4,665,290	4,791,515
52,445	46,620	65,864	58,143	52,630	62,216
529,839	467,767	500,071	497,291	488,223	500,260
109,600	151,385	311,329	371,327	441,126	369,980
14,444	4,316	28,579	203,309	-	8,693
119,891	169,565	55,049	62,291	115,596	116,206
12,570,428	12,946,440	12,720,778	11,247,192	10,736,907	10,539,748
2,473,294	2,414,629	2,157,066	2,264,699	1,935,169	1,791,672
445,992	312,200	402,357	479,545	398,508	334,567
1,382,606	1,509,920	1,664,633	1,598,022	1,504,319	1,528,126
1,056,252	849,287	815,862	681,074	584,009	601,071
4,616,467	4,014,935	4,253,034	4,216,740	4,203,984	3,971,113
669,096	655,085	653,587	621,374	558,600	769,704
1,018,516	1,083,437	944,104	932,065	1,076,972	1,004,043
163,589	304,698	281,254	210,928	190,702	134,434
607,563	603,920	706,663	228,624	175,144	178,253
308,256	4,376,337	4,146,233	746,816	280,321	209,126
12,741,631	16,124,448	16,024,793	11,979,887	10,907,728	10,522,109

Poweshiek County

Poweshiek County

Schedule of Expenditures of Federal Awards

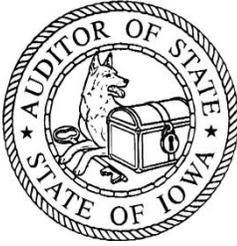
Year ended June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 6,890
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO79(45)-8J-70	367,932
Iowa Department of Homeland Security and Emergency Management:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		7,300
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs	93.566		15
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		1,780
Foster Care - Title IV-E	93.658		2,639
Adoption Assistance	93.659		833
Children's Health Insurance Program	93.767		42
Medical Assistance Program	93.778		12,980
Social Services Block Grant	93.667		2,120
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4187-DR-IA 4126-DR-IA	226,715
Emergency Management Performance Grants	97.042	EMPG-15-PT-79	28,497
Total			<u>\$ 657,743</u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Poweshiek County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

Mary Mosiman, CPA

Auditor of State

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of Poweshiek County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 24, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Poweshiek County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Poweshiek County's internal control. Accordingly, we do not express an opinion on the effectiveness of Poweshiek County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items (A) and (B) to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items (C) through (E) to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Poweshiek County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Poweshiek County's Responses to the Findings

Poweshiek County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Poweshiek County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Poweshiek County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

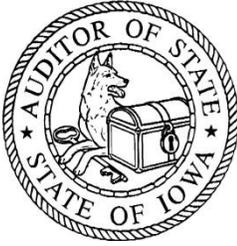

MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 24, 2016

**Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133**

Poweshiek County



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133

To the Officials of Poweshiek County:

Report on Compliance for Each Major Federal Program

We have audited Poweshiek County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2015. Poweshiek County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Poweshiek County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Poweshiek County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Poweshiek County's compliance.

Opinion on the Major Federal Program

In our opinion, Poweshiek County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Poweshiek County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Poweshiek County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal

program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Poweshiek County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 24, 2016

Poweshiek County
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Poweshiek County did not qualify as a low-risk auditee.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- (A) Segregation of Duties – During our review of internal control, the existing activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

Generally, one individual in the Recorder's Office may have control over opening and listing mail receipts, collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist. In the Recorder's Office, the mail opener does not prepare a listing of mail receipts.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. The County Recorder should utilize current personnel, including elected officials and other County employees, to provide additional control through review of financial transactions, reconciliations and reports.

An employee who is not authorized to make entries to the accounting records should open all incoming mail. This employee should prepare a listing of cash and checks received. The mail could then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

Response – We feel with the new software we have many of the above mentioned issues are not issues. When a document is receipted in, the amount of the check or cash, check number and name of payer is entered in the computer. At the end of the day, when the till is balanced a report is produced that shows all of this information. When that till is deposited, there is a report produced that also shows all of this information. Cash and checks received are printed on a daily basis. The software also show any user that has ever touched a transaction, whether to enter, index, correct, void, etc. There are many times where there may be only one person in the office. It's very hard to have segregation of duties with limited staff.

Conclusion – Response acknowledged. Internal controls established with the new software will be reviewed during the fiscal year 2016 audit.

- (B) Financial Reporting – During the audit, we identified material amounts of receivables not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables are identified and included in the County's financial statements.

Response – The County will implement procedures to ensure all receivables are identified and included in the County records.

Conclusion – Response accepted.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

- (C) Computer Systems – The County adopted a written disaster recovery plan in February 2011. However, the following key items are not included in the plan: critical applications, staff responsibilities, steps for system recovery and an inventory of hardware and software components. In addition, a copy of the plan, user documentation, policies and procedures manual and extra paper supplies are not required to be kept off site, a copy of the plan has not been provided to all appropriate personnel and the plan has not been tested.

Recommendation – A written disaster recovery plan which includes all of the identified elements should be developed. The plan should be provided to all appropriate personnel and should be periodically tested.

Response – Poweshiek County will strive to update the Disaster Recovery Plan to include critical applications, staff responsibilities, steps for system recovery and an inventory of hardware and software. We will keep the plan off site and provide a copy to all appropriate personnel.

Conclusion – Response accepted.

- (D) Commissary Account – The bank account for the Sheriff's Commissary account is not reconciled monthly.

Recommendation - Bank accounts should be reconciled promptly at the end of each month and the reconciliations should be reviewed by an independent person with no responsibility for receipts and disbursements. The reviews should be documented by the signature or initials of the reviewer and the date of the review.

Response – The bank account statements will be promptly reconciled at the end of the month and will be reviewed and initialed by two independent reviewers. This has already started. These statements are then sent to the County Auditor's office.

Conclusion – Response accepted.

- (E) Timely Deposit – Certain receipts were not deposited timely by the County Sheriff, Emergency Management, Public Health and County Attorney.

Recommendation – All receipts should be deposited timely and collections should be remitted to the County Treasurer timely.

Response – Poweshiek County will contact all departments reminding them to deposit checks as soon as possible with the Poweshiek County Treasurer.

Conclusion – Response accepted.

Special Investigation

The Office of Auditor of State issued a report on November 5, 2013 on a review of the operations of the Poweshiek County Sheriff's Office for the period January 1, 2010 through March 31, 2013. The report included recommendations to strengthen the Sheriff's Office internal controls, overall operations and specific procedures over credit card purchases, fuel purchases, room, and board fees, commissary purchases and bond receipts. Since the report was issued during fiscal year 2014, we reviewed the County's progress in implementing the recommended control procedures during the fiscal year 2015 audit. We noted no uncorrected deficiencies to be included in the fiscal year 2015 Schedule of Findings and Questioned Costs.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted by function.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – No business transactions between the County and County officials or employees were noted.
- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found which we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investments provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) E-911 Claims – Chapter 34A.7(4) of the Code of Iowa states, in part, "Moneys in an E911 service fund may only be used for nonrecurring and recurring costs of the E911 service plan as approved by the program manager." Further, Chapter 34A.2(7)(e)(2) of the Code of Iowa states, in part, "Costs do not include expenditures for any other purpose, and specifically exclude costs attributable to other emergency services or expenditures for buildings or personnel, except for the costs of personnel for database management and personnel directly associated with addressing."

The E-911 Coordinator submitted a monthly claim for \$2,156 to the Board of Supervisors. The claim includes the number of hours worked and a list of tasks completed. However, the claim lacks detail of the specific hours worked on a specific day of the week and the tasks performed each day. The signed letter of understanding between the Coordinator and the E-911 Board does not include expectations for the number of hours to be worked or any required documentation of the work to be done to permit the E-911 Board to manage the arrangement. Accordingly, it cannot be determined whether the services provided are allowable under the statutory language cited above.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Recommendation – Chapter 331.504(8) of the Code of Iowa requires claims, before being audited or paid, to be itemized to clearly show the basis of the claim and whether the claim was for property sold, for services rendered or for another purpose. The County received legal advice dated July 20, 2004 on this issue. The claims should have proper supporting documentation, including documentation of the work performed to allow the E-911 Board and the County Board of Supervisors to determine whether the claim meets the statutory criteria necessary for allowing payment from the E-911 Service Fund.

Response – The Board of Supervisors will require proper supporting documentation to determine whether the claim meets the statutory criteria for allowing payment.

Conclusion – Response accepted.

- (10) Sheriff Commissary Account – A separate bank account is maintained for the collections and expenditures of the commissary account. The Commissary account is to be used to purchase items for resale. Any profit at the end of the year is to be remitted to the County. As provided by section 331.902 of the Code of Iowa, “Unless otherwise specifically provided by statute, the fees and charges collected by the auditor, treasurer, recorder, and sheriff, and their deputies or employees, belong to the county.” As a result of maintaining a separate bank account, collections and expenditures are not reflected in the County’s accounting system and have not been included in the County’s annual budget or financial report.

Items, such as supplies and equipment for the Jail, were purchased from commissary collections without being included in the County’s budget, appropriations and disbursement process required by section 331.506 of the Code of Iowa and were not filed and properly audited by the Board of Supervisors before payment in accordance with sections 331.504(7) and (8) of the Code of Iowa.

Recommendation - The Board should establish a maximum balance to be kept in the Commissary account. All Commissary account profit should be remitted to the County Treasurer and all expenditures should be reflected in the County's accounting system, annual budget and financial report. Expenditures from the Commissary account should only be used to pay vendors for items ordered by jail inmates.

Response – Since hiring a new Jail Administrator we have worked hard to establish procedures to ensure money is being remitted to the County Treasurer. We asked for an amendment to the county budget which was approved to authorize expenditures from the budget. Commissary supplies are now being paid from the county budget, and refund checks to prisoners are run thru county claims, these claims are signed by the County Sheriff or Chief Deputy. The Jail Administrator will be completing quarterly reports to track income and expenses. These reports will be reviewed by the Sheriff and forwarded to the County Auditor.

Conclusion – Response accepted.

Poweshiek County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

- (11) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2015 for the County Extension Office did not exceed the amount budgeted.

- (12) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

Poweshiek County

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager
Jennifer L. Wall, CPA, Senior Auditor II
Kyle C. Smith, CPA, Staff Auditor
Eileen D. Loomis, Assistant Auditor
Grant W. Pomerenk, Auditor Intern

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, stylized initial "A".

Andrew E. Nielsen, CPA
Deputy Auditor of State